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COUNTY OF LOS ANGELES
OFFICE OF THE AUDITOR-CONTROLLER

BIENNIAL REPORT
TO THE BOARD OF SUPERVISORS
FISCAL YEAR 1977-78 AND 1978-79

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COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER
525 HALL OF ADMINISTRATION
(213) 974-8301

MARK H. BLOODGOOD
AUDITOR-CONTROLLER

THOMAS J. KOZLOWSKI
DANIEL O. IKEMOTO
ASSISTANT AUDITOR-CONTROLLERS

September 28, 1979

Honorable Board of Supervisors
County of Los Angeles
383 Hall of Administration

Gentlemen:

In compliance with the provisions of Section 77 of the Administrative Code, I am submitting my report of the activities of the Auditor-Controller's Office for the fiscal years 1977-78 and 1978-79.

The duties and responsibilities of the Auditor-Controller arise from provisions of the State Constitution, State laws, the County Charter, and various ordinances, resolutions and orders of the Board of Supervisors.

The Auditor-Controller not only serves the County and all districts under the control of your Honorable Board, but also all of the school districts within the County, the Flood Control District, and all of the Sanitation Districts.

A description of departmental activities and comparative statistics are included in this report.

Sincerely yours,

Mark H. Bloodgood

MARK H. BLOODGOOD
AUDITOR-CONTROLLER

MHB:pm

BIENNIAL REPORT
AUDITOR-CONTROLLER
FISCAL YEARS 1977-78 AND 1978-79

ACTIVITIES BY DIVISION

The Office of the Auditor-Controller services County departments, special districts and school districts in a variety of ways through six divisions:

Accounting Division: Maintains centralized accounting records and exercises accounting control over all financial transactions of the County, school districts and special districts. Compiles and publishes Proposed and Final Budgets, Taxpayers' Guide, Statement of Bonded Indebtedness, Annual Report of Financial Transactions; and maintains accounting control over receipts, licenses and permits, and all real and personal property owned by the County.

Audit Division: Conducts post-audits, makes cost studies and special surveys; processes, audits and makes collections on franchises, concessions and oil royalty contracts.

Disbursements Division

General Claims Section: Maintains trust accounts, audits claims and pays for materials and supplies, acquisitions of real property, services rendered, expenses of officers and employees, judgments and damages, refunds and assessments.

Special Claims Section: Processes court orders and special district claims; prepares County payroll; pre-audits and pays bond and interest maturities; processes claims for workers compensation and for board and care of court wards.

Transportation: Arranges for transportation of County and special district officials and employees, and for transportation of indigents, minors and court witnesses.

Systems Division: Coordinates all data processing activities of the Auditor-Controller; develops and installs systems related to County-wide accounting records and controls; conducts a work measurement program within the Department of Auditor-Controller.

Tax Division: Checks and certifies assessed valuation, extends tax rates and makes charges against the Tax Collector, processes tax refunds and cancellations, provides accounting control over funds to be allocated to Community Redevelopment Agencies.

Welfare Financial Services Division: Issues and accounts for all warrants for welfare including aid to dependent children, the indigent and payments to vendors who supply goods or services to welfare recipients; investigates and institutes action for collection of forged and duplicate County warrants.

ACCOMPLISHMENTS

The Financial and Information and Resources Management (FIRM)

The financial accounting component of the FIRM system was implemented on July 1, 1977. This new system provides your Board, the CAO, and County managers with more timely and comprehensive financial information about County operations and allows for a more effective use of resources in an environment of limited resources.

FIRM operates daily thereby providing control and status reports not previously available from the old central accounting system. The control reports provide County managers with the information necessary to prevent appropriation overdrafts, cash overdrafts by fund, and encumbrances from being exceeded, and to monitor cash borrowing limits by fund within the Treasury pool. The daily status information available consists of the appropriation status, revenue status, and cash balances for each fund.

The Resources component of the FIRM system which will provide more extensive cost and program accounting capabilities is currently in the developmental stage.

The Automated General Claims Warrant Writing System

The Auditor-Controller is responsible for issuing approximately 20,000 vendor payments each month to pay general claims against the County for merchandise purchases, utilities, contracts for services, etc. The warrants were prepared manually which included typing, proofing, numbering, and a manual warrant reconciliation after the warrants were cashed.

These processes were automated on November 1, 1977 resulting in numerous savings to the County including:

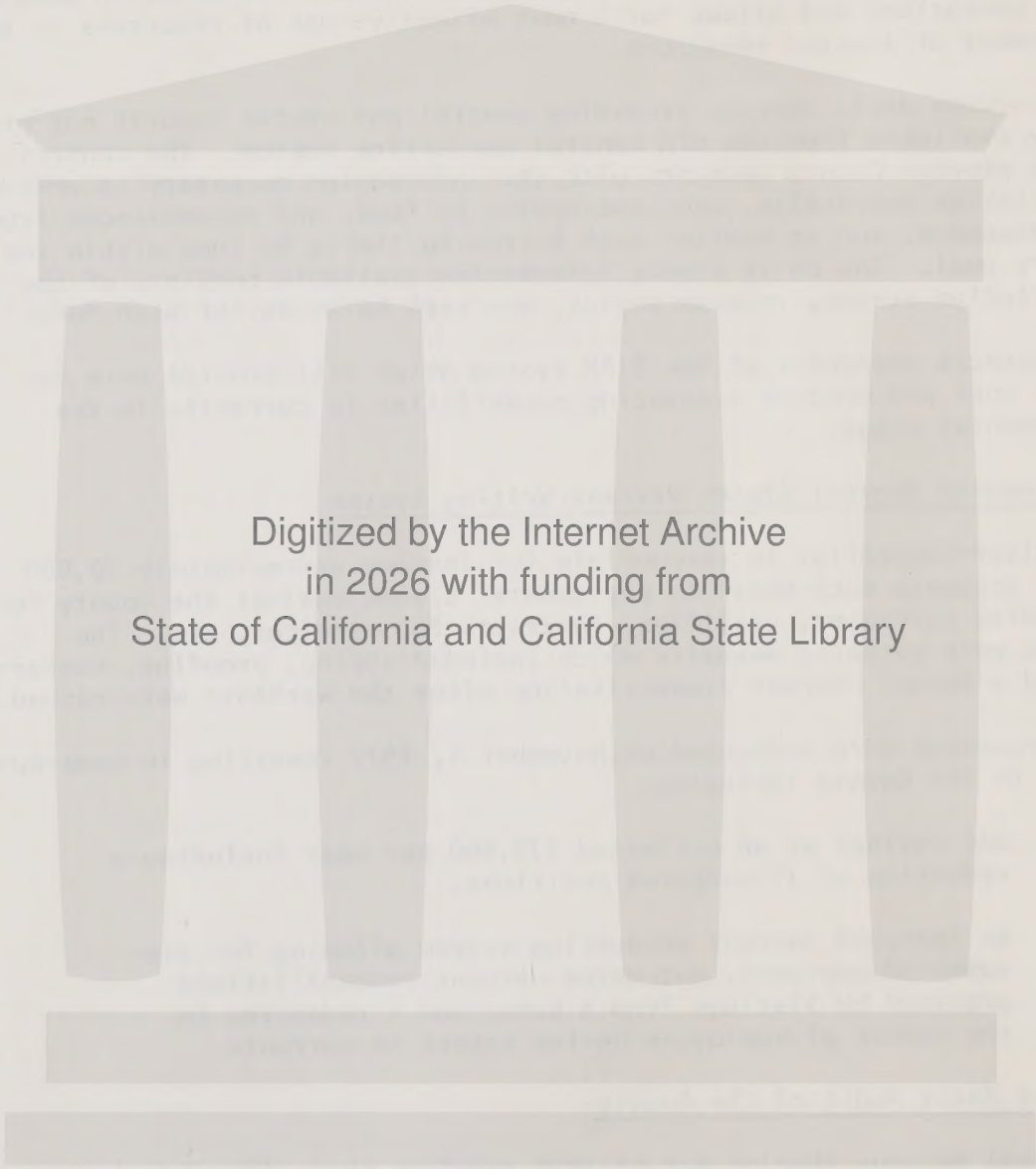
- Net savings at an estimated $78,000 per year including a reduction of 11 budgeted positions.

- An improved warrant accounting system allowing for prenumbered warrants, automated warrant reconciliations provided by listings from a bank, and a reduction in the number of employees having access to warrants.

A Balance Sheet Audit of the County

The Federal Revenue Sharing Act of 1976 requires that effective January 1, 1977, all State and local units of government which expect to receive $25,000 or more annually under the Act must have independent audits of their financial statements. The audits are to be performed once in three years and in accordance with generally accepted audit standards.

The firm of Deloitte Haskins & Sells was engaged to conduct the first balance sheet audit ever of the County of Los Angeles for the fiscal year ending June 30, 1979.



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We are extremely pleased to report that the accountant's report with the exception of two unavoidable qualifications, states that the County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). Conversion of the County's financial statements, which were previously structured to meet legal and budgetary requirements, to conform with GAAP within one year is in our opinion a significant achievement. We wish to extend our appreciation to the many County departments for their dedicated assistance toward this effort.

WORKLOAD

The number of warrants drawn is the best over-all measure of the workload processed by this office. During 1977-78, we issued 12,875,903 warrants, and in 1978-79, we issued 12,447,311 warrants, a decrease of 3.3%.

Over the past ten years, the warrant workload increased 15% while budgeted Positions decreased 26% as shown on the following page.

	1968-69	Report Period 1977-78	Report Period 1978-79	% Change (10 Years)
Warrants Issued:				
Bonds	6,373	8,005	7,840	23.0
General	421,168	392,024	413,225	(-1.9)
Payroll	1,726,637	2,352,657	2,331,177	35.0
Retirement	137,799	253,154	274,640	99.3
Special	952,200	802,910	882,066	(-7.4)
Schools	2,449,497	3,522,724	3,242,820	32.4
Welfare	5,161,483	5,544,429	5,295,543	2.6
Total Warrants	10,855,157	12,875,903	12,447,311	14.7
Auditor-Controller Budget Positions	601.8	515.0	446.0	(-25.9)

REVENUE

The department prepares budget estimates for collection of departmental and non-departmental general fund revenue. The total amount of revenue received for the report periods was as follows:

	1977-78	1978-79
General Fund		
Departmental	$ 334,866	$ 880,791
Non-Departmental	11,036,182	9,235,524
Total General Fund	$11,371,048	$10,061,632

EXPENDITURES

Expenditures of our office for the two fiscal years were as follows:

	1977-78	1978-79
Salaries and Employee Benefits	$ 6,824,543	$ 6,677,557
Services and Supplies	4,494,005	4,639,896
Fixed Assets	12,628	4,062
Total Expenditures - Gross	$11,331,176	$11,321,515
Less Costs Applied	175,091	3,806,996
Total Expenditures - Net	$11,156,085	$ 7,514,519

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